school districts to make use of public-private partnerships in issuing private activity bonds for the construction or improvement of public educational facilities. Private activity bonds can now be issued to finance 12 types of activities such as airports, docks and wharves, qualified residential rental projects, and qualified hazardous waste facilities. It makes sense to be able to issue them for the construction and rehabilitation of public schools.

In order to qualify for the bonds, public-private partnerships would build school facilities and lease them to the school district. At the end of the lease term the facilities would revert back to the school district at no additional consideration. Alternatively, a school district could sell their old facilities to such a partnership, which would then refurbish them, and lease the refurbished facilities back to the school district. The proceeds from the sale could then be used by the district to build new classrooms. This allows the school district to leverage investment in school facilities without having to borrow by issuing tax-exempt bonds.

The bonds would be exempt from the annual state volume caps on private activity bonds, but would be subject to their own annual per-state caps equal to the greater of $10 per capita or $5 million. This bill leaves to the states the manner in which the per-state amount is to be allocated.

Second, the bill provides for a 4-year safe harbor for exemption from the arbitrage rules. To prevent state and local governments from issuing tax-exempt bonds and using the proceeds to invest in higher yielding investments to earn investment income (thereby earning arbitrage profits), arbitrage restrictions are placed on the use of tax exempt bonds. In the case of tax-exempt bonds use to finance school construction and renovation, the bond proceeds must be spent at certain rates on construction within 24 months of being issued. The bill would extend the 24-month period to 4 years for school bonds as long as the proceeds were spent at certain rates within this period. It is difficult for school districts to comply with the present 24-month period when funding different projects from a single issuance of bonds. The increase in the time period would give school districts greater flexibility in planning construction projects and more money with which to build and repair schools.

Tax exempt bonds issued by small governments are not subject to the arbitrage restrictions as long as no more than $10 million of bonds are issued in any year. In order to provide relief to small and rural school districts undertaking school construction and rehabilitation activities, the third approach undertaken by the bill is to raise the exemption to $15 million as long as at least $10 million of the bonds were used for public school construction.

Fourth, the bill would permit banks to invest in up to $25 million of tax exempt bonds issued by school districts for public school construction without disallowance of a deduction for interest expense. Currently, banks are allowed to purchase only $10 million without being subject to disallowance of interest expense. Banks traditionally have been an important purchaser of last resort of tax exempt bonds. Increasing the amount of bonds that can be purchased by banks without penalty will allow school districts to sell their bonds to banks, thereby avoiding having to incur the expense of accessing the capital markets.

This legislation offers an innovative approach to help finance the building and rehabilitation of our public schools, which is so vital to improving our education system. The creation of the public/private partnerships would speed up the construction of new public schools that are urgently needed. The bill gives our school districts the flexibility they need to tailor their financing needs to their individual situations.

This legislation can help our public schools to construct and repair needed facilities to educate our children, and I urge my colleagues to join me in seeking its enactment.

THE TAX RELIEF FOR FAMILIES WITH CHILDREN ACT, H.R. 253

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 31, 2001

Mr. GILMAN. Mr. Speaker, I rise today to introduce the Tax Relief for Families With Children Act, H.R. 253. I urge my colleagues to join me in supporting this worthwhile legislation.

We are long overdue for a major cut in taxes. With our strong economy and growing surplus, there is no excuse why some tax relief cannot be passed this year.

Since the last major tax bill was passed, the Federal budget has been balanced, the estimates for the surplus over the next 10 years have continued to grow and Federal Reserve Chairman Alan Greenspan has stated that some tax relief is necessary in order to keep the economy growing. Giving this environment, I believe that the passage of additional tax relief is appropriate.

This bill will help all American families by increasing tax credits for children and child care expenses. Parents will be able to choose one of three options for each dependent, either the dependent care tax credit, the child tax credit, or the dependent care assistance plan.

Currently, parents who use child care services can use the dependent care tax credit which is capped at $2,400 for one child and $4,800 for two or more children. My bill will increase this credit to $3,600 and $6,000 respectively. Additionally, this credit will be expanded to include more families. The current gross income cap of $50,000 will be increased to $110,000 so that more middle income families who need to use child care can afford to use safe and accredited centers in this country.

Another option for working families who need child care is the dependent care assistance plan (DCAP). DCAP is a savings plan that allows a parent to set aside a portion of their salary each month, prior to being taxed, that they can then use for child care expenses. My bill would increase the contribution to $7,000 and would allow an employee's spouse, parent or grandparent who provides child care services to be defined as a qualifying individual. This would allow a close family member to be paid for providing child care services for a child or grandchild.

The last of the three options is the child tax credit that the 105th Congress enacted in 1997. This tax credit can be used for any child up until the age of 17 and will be increased from $500 to $900 per child.

These three tax credits for families will help the average American family deal with the debate about child care. Some families need to use outside providers, while others choose to have one parent stay at home. Whatever their personal decision is, the provisions in this bill will benefit them all.

In addition to helping families with children, this legislation will help businesses which provide child care services for their employees. By providing a 3-year tax credit for employer provided child care, businesses will be encouraged to become involved in child care. Employees would welcome the implementation of onsite child care so that the guilt that is often associated with day care can be lessened because parents are not that far removed from their children. With less apprehension, employees will be more productive which is good news for any business.

The second provision for businesses is the expansion of opportunities for charitable contributions. Businesses will be permitted to claim a charitable contribution for the donation of tangible personal property to public or private child care centers, public schools or child care support organizations. Businesses will also be allowed to claim a charitable contribution for 50% of the fair market value of donated transportation services, staff volunteer time and company facilities and equipment.

Accordingly, Mr. Speaker, I urge my colleagues to join me in supporting this worthwhile legislation which will provide much needed tax relief for working families.

IN RECOGNITION OF OFFICER JOHN S. WISNIEWSKI'S RETIREMENT FROM THE JERSEY CITY POLICE DEPARTMENT

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 31, 2001

Mr. MENENDEZ. Mr. Speaker, I rise today to recognize Police Officer John S. Wisniewski on his retirement from the Jersey City Police Department after thirty years of service to our community.

John S. Wisniewski attended grammar school at Our Lady of Czestochowa, St. Anthony's High School, and Jersey City State College. Between 1966 and 1968, he served in the United States Army and achieved the rank of SP/4, while bravely serving his country and its citizens. As an officer of the law, he continued that invaluable service to his country with integrity and dedication.

On May 1, 1972, John S. Wisniewski was appointed to the Jersey City Police Department. During his thirty years of service, Officer Wisniewski wore many hats at the department. He was assigned to the Neighborhood Taskforce in 1972; the Special Patrol Bureau in 1975; the East District Patrol in 1990; the